

## AN ACT

To amend and extend the Sugar Act of 1948, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 101 (d) of the Sugar Act of 1948, as amended, is amended to read as follows:

Sugar Act of  
1948, amendments  
61 Stat. 922.  
7 USC 1100.  
Definitions.

"(d) The term 'raw sugar' means any sugars (exclusive of liquid sugar from foreign countries having liquid sugar quotas), whether or not principally of crystalline structure, which are to be further refined or improved in quality to produce any sugars principally of crystalline structure or liquid sugar."

Sec. 2. Section 101 (e) of such Act is amended to read as follows:

"(e) The term 'direct-consumption sugar' means any sugars principally of crystalline structure and any liquid sugar (exclusive of liquid sugar from foreign countries having liquid sugar quotas), which are not to be further refined or improved in quality."

Sec. 3. Section 101 (i) of such Act is amended by deleting the parenthetical word "(Clerget)".

Sec. 4. Section 101 of such Act is amended by adding at the end thereof a new paragraph to read as follows:

"(n) The term 'to be further refined or improved in quality' means to be subjected substantially to the processes of (1) affination or defecation, (2) clarification, and (3) further purification by adsorption or crystallization. The Secretary is authorized, after such hearing and upon such notice as he may by regulations prescribe, to determine whether specific processes to which sugars are subjected are sufficient to meet the requirements of this paragraph (n) and whether sugars of specific qualities are raw sugar within the meaning of paragraph (d) of this section, or direct-consumption sugar within the meaning of paragraph (e) of this section."

Sec. 5. Section 201 of such Act is amended by striking in the second sentence thereof the words "1947 prior to the termination of price control of sugar" and inserting in lieu thereof "1947-1949".

Base period.  
7 USC 1111.

Sec. 6. Section 202 (a) of such Act is amended to read as follows:

"(a) (1) For domestic sugar-producing areas by apportioning among such areas four million four hundred and forty-four thousand short tons, raw value, as follows:

Proration of  
quotas.  
65 Stat. 318.  
7 USC 1112.  
Domestic.

| Area                     | Short tons,<br>raw value |
|--------------------------|--------------------------|
| Domestic beet sugar..... | 1,800,000                |
| Mainland cane sugar..... | 500,000                  |
| Hawaii.....              | 1,052,000                |
| Puerto Rico.....         | 1,080,000                |
| Virgin Islands.....      | 12,000                   |

"(2) To the above total of four million four hundred forty-four thousand short tons, raw value, there shall be added an amount equal to 55 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds eight million three hundred and fifty thousand short tons, raw value. Such additional amount shall be apportioned among and added to the quotas established under paragraph

70 Stat. 217.  
70 Stat. 218.

(1) of this subsection for such domestic sugar-producing areas, respectively, as follows: (A) The first one hundred sixty-five thousand short tons, raw value, or any part thereof, by which quotas for the domestic areas are so increased shall be apportioned 51.5 per centum to the domestic beet sugar area and 48.5 per centum to the mainland cane sugar area; (B) the next twenty thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be

Foreign.  
7 USC 1112.

apportioned to Puerto Rico; (C) the next three thousand short tons, raw value, or any part thereof, by which such quotas are so increased shall be apportioned to the Virgin Islands; (D) any additional amount shall be apportioned on the basis of the quotas established in paragraph (1) of this subsection as adjusted by subparagraphs (A), (B), and (C) of this paragraph (2)."

Sec. 7. Section 202 (c) of such Act is amended by striking out "For" after "(c)" and inserting in lieu thereof "(1) For the calendar year 1956, for" and by adding at the end thereof the following new paragraphs:

"(2) For the calendar year 1957 and for each subsequent calendar year, for foreign countries other than the Republic of the Philippines, (A) by prorating to Cuba 96 per centum and to other foreign countries 4 per centum of the amount of sugar, raw value, by which eight million three hundred and fifty thousand short tons, raw value, or such lesser amount as determined pursuant to section 201 exceeds the sum of four million four hundred and forty-four thousand short tons, raw value, and the quota established pursuant to subsection (b) of this section; and (B) by prorating 45 per centum of the amount of sugar, raw value, by which the amount determined pursuant to section 201 exceeds the sum of eight million three hundred and fifty thousand short tons, raw value, as follows:

| Country                 | Per centum |
|-------------------------|------------|
| Cuba.....               | 20.59      |
| Peru.....               | 4.33       |
| Dominican Republic..... | 4.95       |
| Mexico.....             | 5.10       |
| Other countries.....    | 1.03       |
|                         | 45.00      |

The above proration of 1.03 per centum to foreign countries other than Cuba, the Republic of the Philippines, Peru, the Dominican Republic, and Mexico shall be apportioned to such other countries whose average entries within the quotas during 1953 and 1954 exceeded one thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954.

"(3) For the calendar year 1957 and for each subsequent calendar year, the proration of 4 per centum under paragraph (2) (A) of this subsection for foreign countries other than Cuba and the Republic of the Philippines shall be apportioned, first, by assigning to each such foreign country whose average entries within the quotas during the years 1953 and 1954 were less than one thousand short tons, raw value, a proration equal to its average entries within the quotas during 1953 and 1954; second, by assigning to each such foreign country whose average entries within the quotas during 1953 and 1954 were not less than one thousand nor more than two thousand short tons, raw value, a proration of three thousand short tons, raw value; third, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were more than two thousand and less than three thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954, plus two thousand short tons, raw value; fourth, by assigning to each foreign country whose average entries within the quotas during 1953 and 1954 were not less than three thousand nor more than ten thousand short tons, raw value, a proration equal to the average entries from each such country within the quotas during 1953 and 1954; and, fifth, by prorating the balance of such proration to such foreign countries whose average entries within the quotas during 1953 and 1954 exceeded

70 Stat. 218.  
70 Stat. 219.

ten thousand short tons, raw value, on the basis of the average entries within the quotas from each such country for the years 1951, 1952, 1953, and 1954.

SEC. 8. Section 202 of such Act is amended by adding the following new subsection: <sup>65 Stat. 318.</sup> <sup>7 USC 1112.</sup>

"(e) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204."

SEC. 9. (a) The second sentence of section 204 (a) of such Act is amended by inserting before the period at the end thereof a colon and the following: *Provided*, That any deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under the provisions of section 202 (a) (2) shall first be prorated to other domestic areas on the basis of the quotas then in effect".

Proration of  
deficits.  
65 Stat. 319.  
7 USC 1114.

(b) The last paragraph of section 204 (a) of such Act is amended by inserting before the period at the end thereof a semicolon and the following: "except that in the case of proration of any such deficit in any domestic sugar-producing area occurring by reason of inability to market that part of the quota for such area allotted under and by reason of section 202 (a) (2), the Secretary shall apportion the unfilled amount on such basis and to such other domestic areas as he determines is required to fill such deficit, and if he finds that no domestic area will be able to supply such unfilled amount, he shall add it to the quota for Cuba".

SEC. 10. Section 205 (a) of such Act is amended by inserting immediately before the final sentence thereof the following: "In making such allotments, the Secretary may also take into consideration and make due allowance for the adverse effect of drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions seriously and broadly affecting any general area served by the factory or factories of such person."

Allotments.  
61 Stat. 926.  
7 USC 1115.

SEC. 11. (a) Section 207 (a) of such Act is amended by adding after the word "year" the following: ", plus an amount equal to the same percentage of twenty-nine thousand six hundred and sixteen short tons, raw value, that the increase in the quota for Hawaii under section 202 is of one million fifty-two thousand short tons, raw value,".

Direct-con-  
sumption sugar.  
Hawaii.  
7 USC 117.

(b) Section 207 (b) of such Act is amended by striking the period at the end thereof and by adding the following: "which shall be principally of crystalline structure, plus an amount equal to the same percentage of one hundred twenty-six thousand and thirty-three short tons, raw value, that the increase in the quota for Puerto Rico under section 202 is of one million eighty thousand short tons, raw value, which latter amount may be filled by direct-consumption sugar whether or not principally of crystalline structure."

Puerto Rico.

70 Stat. 219.  
70 Stat. 220.

SEC. 12. Section 207 (h) of such Act is amended by striking out "The" after "(h)" and inserting in lieu thereof "(1) For the calendar year 1956, the" and by adding the following new paragraph:

65 Stat. 319.

"(2) For the calendar year 1957 and each subsequent calendar year, the quota for foreign countries other than Cuba and the Republic of the Philippines may be filled by direct-consumption sugar to the extent

7 USC 1111. of 1.36 per centum of the amount of sugar determined pursuant to section 201 less the sum of the quotas established in subsections (a) and (b) of section 202: *Provided*, That such limitation shall not apply to countries receiving prorations under section 202 (c) of seven thousand short tons or less. The direct-consumption portion of such quota which is subject to the 1.36 per centum limitation referred to above shall be prorated to countries which receive prorations under section 202 (c) of more than seven thousand short tons on the basis of average imports of direct-consumption sugar within the quota for the years 1951, 1952, 1953, and 1954."

7 USC 1131. Domestic pro-  
ducers.  
Conditional  
payments.  
7 USC 1132. SEC. 13. Section 301 (b) of such Act is amended by inserting after the words "(or processed)" the following: ", except for livestock feed, or for the production of livestock feed, as determined by the Secretary,".

SEC. 14. Section 302 (b) of such Act is amended by inserting after "(or processed)" the words "within the proportionate share" and by striking the period at the end thereof and inserting the following: "and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions. For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

Forfeitures.  
61 Stat. 933.  
7 USC 1155. SEC. 15. Section 405 of such Act is amended by inserting "(a)" at the beginning thereof, by striking out "(a)" and "(b)" and inserting in lieu thereof "(1)" and "(2)", respectively, and by adding the following new subsection:

"(b) Any person whose sugar processing operations otherwise meet the requirements of section 101 (n) and who subjects to such processes sugar imported or brought into the continental United States under a declaration that it is raw sugar but which sugar subsequently is determined to be of direct-consumption quality, shall forfeit to the United States a sum equal to 1 cent per pound for each pound, raw value, of such sugar in excess of that part of the direct-consumption portion of the applicable quota or proration or allotment thereof remaining unfilled at the time of such determination, which forfeiture shall be recoverable in a civil suit brought in the name of the United States."

Nonapplicability.  
of penalty.  
7 USC 1156.  
7 USC 1135. SEC. 16. Section 407 of such Act is amended by adding at the end thereof the following sentence: "The provisions of this section shall not apply to persons whose services are obtained pursuant to section 305."

7 USC 1101 note. SEC. 17. Section 411 of such Act is renumbered as section 412, section 412 of such Act is renumbered as section 413, and a new section 411 inserted as follows:

70 Stat. 220.  
70 Stat. 221.  
Regulations. "SEC. 411. The Secretary is authorized to issue such regulations as may be necessary to carry out article 7 of the International Sugar Agreement for the Regulation of the Production and Marketing of Sugar (ratified by and with the advice and consent of the United States Senate on April 29, 1954), restricting importations of sugar into the United States from foreign countries not participating in

TIAS 3177.

such agreement, or to carry out the corresponding provisions of any such future agreements ratified by and with the advice and consent of the United States Senate."

SEC. 18. Renumbered section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1956" in each place it appears therein and inserting in lieu thereof "1960".

7 USC 1101  
note.  
Termination.

SEC. 19. Sections 4501 (c) and 6412 (d) (relating to the termination of taxes on sugar) of the Internal Revenue Code of 1954 are amended by striking out "1957" in each place it appears therein and inserting in lieu thereof "1961".

Taxes.  
68A Stat. 533,  
795.  
26 USC 4501,  
6412.

SEC. 20. Section 4502 (4), chapter 37, subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended as follows: Strike out the parenthetical word "(Clerget)" where it occurs in the first sentence and delete the second sentence thereof.

26 USC 4502.

SEC. 21. (a) Section 4504, chapter 37, subchapter A, "Sugar", of the Internal Revenue Code of 1954 is amended by adding before the period at the end thereof the following: ", and except that such tax may be subject to refunds as a tax under the provisions of section 6418 (a)".

26 USC 4504.

(b) Section 6418 (a) of chapter 65 of the Internal Revenue Code of 1954 is amended by striking out the "(a)" immediately following "section 4501".

26 USC 6418.

SEC. 22. Except as otherwise provided, the amendments made hereby shall become effective as of January 1, 1956, except that sections 1 through 4 shall become effective upon publication in the Federal Register of regulations implementing such sections, or six months after the date of enactment of this Act, whichever is earlier.

Effective dates.  
Publication in FR.

Approved May 29, 1956.